

Message Text

CONFIDENTIAL

PAGE 01 SANA 00605 01 OF 02 121123Z

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-01
L-03 NSC-05 PA-01 PRS-01 SS-15 CU-02 DOTE-00 IGA-02
/100 W

-----121237Z 022273 /12

R 120857Z FEB 77

FM AMEMBASSY SANA

TO SECSTATE WASHDC 0382

INFO AMEMBASSY AMMAN

AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MUSCAT

AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 1 OF 2 SANA 0605

E.O. 11652 GDS

TAGS: EAID, YE, SA

SUBJ: SAUDI AID TO YEMEN

SUMMARY: THIRD MEETING OF YEMENI SAUDI JOINT COORDINATION COUNCIL HAS PRODUCED NEW AID BENEFITS FOR YEMEN, AND GREATLY STRENGTHENED BOTH CONFIDENCE AND PROCESS OF CONSULTATION BETWEEN YEMENEIS AND SAUDIS. END SUMMARY.

1. COORDINATION COUNCIL IS AT BASE SYMBOL OF NEW POLITICAL RELATIONSHIP BETWEEN YAR AND KINGDOM. IN YEMENI EYES SYMBOLISM IS STRENGTHENED BY CHAIRMAN OFR SAUDI SIDE, PRINCE SULTAN, WHO FOR YEARS OF CIVIL WAR IN YEMEN RAN OPPOSITION TO REPUBLIC. YEMENIS SEE COUNCIL AS DEVICE TO DRAW OLD FOE INTO SUPPORT OF CENTRAL GOVERNMENT. THEY ALSO SEE IT AS DEVICE TO BRING DECISIONS ON AID PROJECTS TO TOP OF BURDENED SAUDI BUREAUCRACY, AND TO PRESS SAUDIS FOR
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SANA 00605 01 OF 02 121123Z

MORE, MORE, MORE.

2. SAUDIS HAVE APPARENTLY PREFERRED TO USE COUNCIL TO REVIEW ALREADY APPROVED PROJECTS. THIS HAS ADVANTAGE OF MAKING SURE THAT MONEY IS BEING SPENT WELL, AND MAKES SURE THAT SAUDI BONA FIDES TOWARD YEMEN ARE NOT TIED TO NEW PROJECTS ONLY. THIS IS VERY SENSIBLE PROCEDURE, ESPECIALLY

WHEN SAUDIS DECIDE TO MAKE NO NEW COMMITMENTS, AS IN 1975 AT SECOND COUNCIL MEETING, WHICH WAS HELD HERE IN SANA. ONE THING THAT SAUDIS PROMISED THEN IS NEW PROJECT ---BUILDING A 500 BED HOSPITAL IN SANA---WAS NOT EVEN MENTIONED IN COMMUNIQUE. IT IS A LITTLE HARD TO SEE WHY SAUDIS DECLINED TO MENTION ANY OF NUMEROUS NEW PROJECTS TO WHICH THEY MADE COMMITMENTS IN FACT OR PRINCIPLE AT LATEST MEETING, THE THIRD, WHICH CONCLUDED IN RIYADH ON JANUARY 29.

3. SAUDIS DID ANNOUNCE IN COMMUNIQUE THAT BUDGET SUBSIDY--- WHICH THEY SAY WAS RAISED EARLIER THIS YEAR TO \$81 MILLION, OR ENOUGH TO COVER THE ENTIRE DEFICIT IN THIS FISCAL YEAR, WILL BE A WHOPPING \$97 MILLION NEXT FISCAL YEAR. UNTIL A FEW WEEKS AGO YEMENIS WERE STILL DENYING THAT THE SUBSIDY HAD BEEN RAISED AT ALL THIS YEAR, ALTHOUGH MINFINANCE JUNAYD TOOK A REQUEST FOR \$80 MILLION UP TO KINGDOM IN OCTOBER. SAUDI APPROVAL OF THIS INCREASE THUS TAKES US BY SURPRISE, AND INCREASE TO \$97 MILLION IN ADVANCE OF THE YEMENI BUDGET FOR NEXT YEAR, IS EVEN MORE STARTLING.

4. FOR THE RECORD, TOTAL PROJECTED RPT PROJECTED DOMESTIC REVENUES IN THIS FISCAL YEAR ARE \$185 MILLION, SO BUDGET SUPPORT OF \$81 MILLION ADDS ALMOST \$44 TO UNTIED YEAR SPENDING POWER. YEMENIS ALSO PLAN ON OTHER SPENDING THIS YEAR, WHICH WILL BE TIED FUNDS, THAT IS, PROJECT FUNDS, WHETHER FROM SAUDIS OR OTHER DONORS. THEIR CONTRIBUTION TO SUCH SPENDING, WHICH MUST COME FROM THEIR CONFIDENTIAL

CONFIDENTIAL

PAGE 03 SANA 00605 01 OF 02 121123Z

\$266 MILLION, TENDS TO BE NOMINAL AND SYMBOLIC, WHILE DISBURSEMENT BY DONORS IS OFTEN TIED TO IMPLEMENTATION OF PROJECTS, SO AMOUNTS ACTUALLY SPENT DURING THE YEAR ARE HARD TO ESTABLISH. NEVERTHELESS, GIVEN VARIETY OF SAUDIS PROJECTS REVIEWED IN COMMUNIQUE, WE WOULD ESTIMATE (AND CPO ACTING CHIEF ARIQI AGREES) THAT SAUDIS GOING ACTUALLY TO DISBURSE ABOUT \$45 MILLION IN 1976. THIS MAY IN TURN BE ABOUT HALF OF ALL SPENT HERE IN PROJECTS. THUS SAUDIS WOULD PROVIDE ONE THIRD OF ALL YEAR SPENDING IN ALL FIELDS AND THIS DOES NOT RPT NOT TAKE INTO ACCOUNT SAUDI MILITARY SUPPLY.

5. TO RETURN TO COMMUNIQUE, IT DOES NOT MENTION ANYTHING WHICH IS NEW, EXCEPT FOR BRIEF ALLUSION TO REFRIGERATOR PROJECT IN HODEIDA, AND WILLINGNESS OF SAUDI TO PAY YEAR MEMBERSHIP DUES (\$1 MILLION) IN ARAB INVESTMENT COMPANY. REFRIGERATOR COMPANY IS DEAR TO HEART OF NEW MINISTER OF SUPPLY HERE, WHO IS CONVINCED THAT GOVERNMENT MUST COMPETE WITH LOCAL MERCHANTS IF FOOD PRICE RISES ARE TO BE

RESTRAINED. NO PRICE IS SET ON REEFER FACILITY BUT YEMENIS HAVE ALREADY COMMISSIONED A STUDY, WITH RESULTS TO BE AVAILABLE IN TWO MONTHS. AS FOR ARAB INVESTMENT COMPANY, ITS VALUE HERE IS LESS CLEAR. IT IS APPARENTLY PROFIT-MAKING ORGANIZATION WHICH MAKES LOANS FOR INDUSTRIES. OTHER MEMBERS ARE APPARENTLY EGYPT, SUDAN, JORDAN.

6. WHAT IS NOT IN COMMUNIQUE IS QUITE REMARKABLE FOR FOR SIZE AND VARIETY OF SAUDI COMMITMENTS. THEY APPARENTLY SAID THAT AS SOON AS DETAILED PLANS ARE READY THEY WILL TAKE ROLE IN A COFFEE PROJECT (BEST ESTIMATE OF PROJECT COST IS \$14.5 MILLION), TELECOMMUNICATIONS (FIRST STAGE WILL COST \$60 MILLION OVER FIVE YEARS, WHOLE PROJECT NOW ESTIMATED AT \$160 MILLION), SANA WATER AND SEWAGE (\$60 MILLION COST, ALREADY PARTLY SUBSCRIBED, WITH SAUDIS ADDING \$4 MILLION NOW TO \$10 THEY PUT IN CONFIDENTIAL

CONFIDENTIAL

PAGE 04 SANA 00605 01 OF 02 121123Z

EARLIER AND INDICATING WILLINGNESS TO DO ANOTHER \$10 MILLION, A FRUIT TREE NURSERY (ESTIMATED COST \$4.5 MILLION), SANA HOSPITAL (\$30 MILLION) PLUS AN UNCOASTABLE FISHERIES AND AGRICULTURE PROJECT.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 SANA 00605 02 OF 02 121233Z
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-01
L-03 NSC-05 PA-01 PRS-01 SS-15 CU-02 DOTE-00 IGA-02
/100 W

-----121236Z 022676 /10

R 120857Z FEB 77
FM AMEMBASSY SANA
TO SECSTATE WASHDC 0383
INFO AMEMBASSY AMMAN
AMEMBASSY CAIRO
AMEMBASSY JIDDA
AMEMBASSY KUWAIT

AMEMBASSY MUSCAT
AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 2 OF 2 SANA 0605

7. COMMUNIQUE REITERATED AUGUST 1975 COMMITMENT TO BUILD FOUR KEY ROADS: (A) YARIM-RADAMAH-QATABAH, DOWN STRATEGIC AND WELL-WATERED WADI BANA TO KEY TOWN ON PDRY BORDER; (B) HUTH-AHAM-HARADH, LINKING NORTHERN TIHAMA WITH HIGHLANDS; (C) SANA-ARHAD-HAZM, NORTHEAST INTO THE UNRULY JAUF, AND (D) JIHANA-SIRWAH-MARIB, THROUGH POWERFUL KHAWLAN AT TIYYAL REGION AND HUGE WADI DHANNA WATERSHED TO EASTERN EDGE OF COUNTRY. (ANOTHER MARIB ROAD, NOW UNDER CONSTRUCTION WITH ABU DHABI MONEY, RUNDS NORTH THROUGH NAHM.) SAUDIS AGREED THAT ORIGINAL \$113 MILLION ALLOCATED FOR THESE FOUR ROADS WOULD NOT BE ENOUGH, ESPECAILLY SINCE SUM HAD ALREADY BEENDELETED BY \$30 MILLION FOR DHANNA-BAYDA ROAD, WHICH NOW UNDER CONSTURCTION BUT SIMPLY SAID THEY WOULD PROVIDE FUNDING WHEN DETAILED ENGINEERING STUDIES ARE IN HAND. YEMENIS HAVE LONG SINCE COMMISSIONED THESE, AND BELIEVE PROJECT COULD RPT COULD GO TO TENDER WITHIN 12 MONTHS. SAUDIS WILL LET
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SANA 00605 02 OF 02 121233Z

YEMENIS TENDER AND SUPERVISE WORK.

8. COMMUNIQUE STATES THAT WORK ON HODEIDA LINK NORTH TO JIZAN HAS ALREADY STARTED, AND INDEED ROADBUILDING DOWN TO BORDER ON SAUDI SIDE HAS BEEN UNDERWAY FOR MORE THAN YEAR, BUT NO DATE WAS GIVEN FOR BEGINNING OF WORK ON YEMENI SIDE. COMMUNIQUE DOES PLEDGE, HOWEVER, TO BEGIN WORK "AS PLANNED" ON NAJLAN-SAADA ROAD IN THIS FISCAL YEAR AND YEMENIS THINK SSME COULD OCCUR ON HODEIDA LINK. HOWEVER, SAUDIS WILL TENDER WORK.

9. IN FIELD OF EDUCATION (SANA A-2 IS INTERESTING BACKGROUND) ANY SAUDI OBJECTIONS TO WHAT IRYANI INTENDS BY WAY OF REFORM ARE PAPERED OVER BY AGREEMENT TO STANDARDIZE CURRICULUM. THIS WOULD, ACCORDING TO IRYANI, TAKE YAR LONG WAY IN DIRECTION OF REDUCING HOURS AND WEIGHT OF RELIGION IN CURRICULUM. SAUDIS HAVE ANNOUNCED WILLINGNESS TO "PARTICIPATE IN INTRODUCTION" OF TEACHER INSTITUTES IN YEMEN, WHICH WILL SOLVE ANOTHER PROBLEM WHICH HAS DOMINATED IRYANI SINCE HE WENT TO MINEDUCATION, I.E., DEPENDENCE ON VERY CONSERVATIVE MOSQUE SCHOOL GRADUATES IN PRIMARY YEARS. COMMUNIQUE NOTES THAT SAUDIS HAVE ALSO AGREED TO INCREASE TEACHER SALARIES BY \$500,000 BUT OMMITTED TO MENTION THAT SAUDIS WILL GIVE \$5 MILLION FOR BOOKS.

10. SAUDIS SAID THAT THEY WILL PROVIDE \$14 MILLION IN AIRPORT EQUIPMENT, IN ADDITION TO ITEMS MENTIONED IN COMMUNIQUE, I.E., IMPROVEMENTS IN SANA TERMINAL APRON AND METEOROLOGICAL EQUIPMENT, AND THEY SAID THEY WOULD HAVE "DUTCH FIRM NOW DOING SURVEY OF AIRPORTS IN KINGDOM" INCLUDE YEMENI AIRPORTS AS WELL. ACCORDING TO ABDALLAH ASNAJ, WHO IS CLOSELY TIED TO LOCAL DEVELOPMENTS IN AIRLINES, SAUDIS ARE TALING ABOUT \$85 MILLION MORE IN AIRPORT MODERNIZATION IN YEMEN.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 SANA 00605 02 OF 02 121233Z

11. YEMENIS SAY THAT SAUDIS HAVE DOUBLED THEIR CONTRIBUTION TO UNDP ON UNDERSTANDING THAT YAR NEEDS WITH UNDP WOULD BE MET. LOCAL UNDP REPS SAY THEY HAVE EXPECTED FOR SOME TIME NOW THAT SEVERE CUTS IN PROGRAMS HERE WILL BE RESTORED, BUT HAVEN'T SEEN THEY MONEY YET. SIMILARLY, SAUDIS HAVE PRESUMABLY GIVEN \$5 MILLION TO FAO ON CONDITION OR UNDERSTANDING THAT \$500,000 WOULD BE USED TO COMPLETE FISHERMAN'S WARF IN HODEIDA.

12. SAUDIS SAID THEY WOULD CONTINUE ANNUAL GIFT OF 50,000 TONS OF OIL, WHICH WORTH ABOUT \$5 MILLION AND WHILE THEY REFUSED TO INCREASE GIFT AS YEMENIS REQUIRED, THEY DID UNDERTAKE TO GO TO KUWAITIS, WHICH NOW HAVE COMMERCIAL CONTRACT TO SUPPLY YEMEN PETROLEUM COMPANY, AND ASK THEM NOT RPT NOT RAISE PRICES BY 10 PERCENT. (WE WILL IT TO OTHERS TO COMMENT, BUT THE SAUDIS ASKING THE KUWAITIS NOT TO RAISE THE PRICE OF OIL SOUNDS LIKE ADDING INSULT TO INJURY.) SAUDIS ALSO SPECIFICALLY TIED INCREASE IN BUDGET SUPPORT TO INCREASE IN OIL PRICES.

13. ALL IN ALL, YEMENIS ARE VERY, VERY PLEASE, AND NOT JUST BECAUSE MONEY BAGS HAVE AGAIN BEEN OPENED. MEETING WAS RELAXED, FRIENDLY, NON-CONTENTIOUS, IN STARK CONTRACT TO MISUNDERSTANDINGS THAT SURFACED AT FIRST TWO MEETINGS. YEMENIS CAME AWAY WITH ALL THEIR DOUBTS--AT LEAST FOR MOMENT--ASSAUGED ABOUT SAUDI SUPPORT FOR CENTRAL GOVERNMENT, LOCAL DEVELOPMENT, CONSERVATIVE HOBBY HORSES. ETC.

COMMENT: WE PLAN TO DO A DABLE TO UPDATE SANA0588, DISCUSSING THE DISBURSEMENT CURVE OF SAUDI FUNDS FOR PROJECTS IN YEMEN, BUT IT NEEDS TO BE REMARKED HERRE THAT YEMENIS FEEL THAT SAUDIS HAVE KEPT THEIR GENEROUS
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 SANA 00605 02 OF 02 121233Z

PROMISES OF LAST TWO YEARS FOR BOTH PROJECTS AND BUDGET
SUPPORT, AND THAT WITH LATEST MEETING THE SPENDING CURVE
PROJECTED FOR THE FUTURE WILL HAVE TO INCREASE EVEN MORE
SHARPLY THAN ANTICIPATED AND HOPED. THIS IS THE PAYOFF
FOR HAMDI'S TURN TO THE SAUDIS. THE POLICY IS WORKING.
SIMILARLY, WE JUDGE THE SAUDIS MUST BE PLEASED WITH THEIR
INVESTMENT HERE. THE LOCAL RADIO, IN COMMENTING ON THE
THIRD COUNCIL MEETING, PUT THE MATTER IN SUCCINCT TERMS
ON COMMON INTEREST: "THE SAUDIS NEED YEMENI LABOR
TO DEVELOP AND THE YEMENIS NEED SAUDI MONEY."
SCOTES

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977SANA00605
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770051-0296
Format: TEL
From: SANA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770247/aaaabpfe.tel
Line Count: 293
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 980d6ec7-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 25-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3334944
Secure: OPEN
Status: NATIVE
Subject: SAUDI AID TO YEMEN SUMMARY: THIRD MEETING OF YEMENI SAUDI JOINT COORDINATION COUNCIL HAS PRODUCED NEW AID BENEFITS FOR YEMEN, A
TAGS: EAID, YE, SA
To: STATE
Type: TE
vdkgvkey: odbcr://SAS/SAS.dbo.SAS_Docs/980d6ec7-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009